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SOURCE Problems Economic.

INTRODUCE PLANNED MANAGEMENT IN ROMANIAN
 CHEMICAL AND METALLURGICAL ENTERPRISES

M. Manescu, General Director
 Central Directorate of Statistics

The introduction of planned management has brought important results, especially in the Rumanian metallurgical and chemical industries. During 1950, enterprises of the Ministry of Metallurgical and Chemical Industries freed and put at the disposal of the state 165 million lei from their operating funds to be used for investments.

The Steaua Rosie Works in Bucharest returned 14 million lei from its operating funds to the state and, in honor of 9 May, freed another million. Concurrently, its workers and technicians increased production by 24 percent in 1950. Labor productivity was increased by 22 percent. Moreover, as a result of reductions in various expenditures, manufacturing costs were reduced by 15 percent.

As a consequence of the adoption of the system of planned management, the yearly profits of the Resita Plant of Sovrometal (Soviet-Rumanian Metal Enterprise) increased from 11.4 percent in 1949 to 16.6 percent in 1950.

Other enterprises, however, did not pay proper attention to the problem of planned management and consequently incurred serious losses.

Planned management requires great care in the use of tools and materials. In this respect serious shortcomings have been observed at various enterprises. At the Unio Works in Satu Mare all kinds of materials have been scrapped, while others are used in a haphazard manner. Similarly, at the Progresul Works the warehouse gives out material without receipts. Payment is often made twice for the same items. Sand and manganese are wasted, since they are stored in the open air.

The 7 November Factory in Craiova shipped to the Republica Works in Bucharest a carload of crude raw iron weighing approximately 10,000 kilograms. The shipment also included a 3,800-kilogram grate which had been cast for the CGB (Combinatul

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Siderurgic Hunedoara, Hunedoara Steel Combine) on order placed by the Directorate of Investments. The grate was being sent to the Republica Works for finishing but was broken up and used as raw iron, despite the fact that an attached letter clearly explained what was to be done with the grate. The Republica Works admitted its fault and agreed to pay 300,000 lei damages (the value of the grate). These 300,000 lei will seriously affect the economy of the Republica Works.

The Codlea Factory for sheet-metal articles telephoned a furious complaint that its stock of carbide was exhausted, claimed that it would be unable to fulfill its plan, and requested the punishment of those responsible for the non-delivery of the carbide. At the very same time, the Nitramonia Plant complained that the Codlea Factory was already 2 weeks late in picking up the 4,000 kilograms of carbide allotted to it by the General Directorate of Reserves.

Here is another example of the violation of the principles of planned management.

It is the duty of enterprise managements to take all steps necessary to assure successful fulfillment of the tasks set by the plan. They must carefully ascertain all elements which determine the manufacturing cost and all expenditures not included in the plan, and undertake, with the assistance of party and trade union organizations, a systematic campaign against waste of materials and manpower and also against all unnecessary expenditures.

In this connection, several enterprises have drawn up a series of organizational measures the application of which has been entrusted to leading workers in production, innovators, and others, with excellent results.

Recently, the planned management of enterprises has been strengthened by introduction of the system of planned management by sections.

Inspired by the vast Soviet experience, several enterprises have, since November 1950, taken certain organizational measures designed to introduce planned management by sections. The latter is inconceivable without thorough preliminary establishment of the system of planned management for the enterprise as a whole. It requires detailed records of manufacturing costs, proper apportioning of the production plan by sections, and the establishment of norms for the consumption of materials, fuels, electric energy, and other items.

The principal significance of the system of planned management by sections is that it eliminates the lack of responsibility on the part of labor by establishing the principle of sectional responsibility, thus stimulating the interest of workers in the various sections in the work of the enterprise as a whole. It is of the greatest importance for the successful establishment of this system that each section keep detailed records of all economies and consumption of materials.

The first step required for running sections in accordance with the principles of planned management, that is, the keeping of detailed records of all expenditures by sections, has been taken by several enterprises in the siderurgical industry. Planning was improved substantially by adoption of this method, since a just distribution of the tasks set by the plan and an accurate determination of the materials needed could be ascertained for every section. At certain enterprises, such as the Grivita Metallurgical Works, Silico (Turda), and Victoria (Calan), the introduction of the plan of expenditures by section has offered a splendid opportunity for analysis by the section personnel of all planned expenditures and of the consumption of all materials required to fulfill the production plan.

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Substantial economies have been realized during the socialist competition in honor of the 30th anniversary of the party. Savings amounting to 13 million lei were achieved by the Republica Works during the period 12 March - 7 May 1951, while the Grivita Metallurgical Works saved 1,800,000 lei during April alone.

The heads of the Ministry of Metallurgical and Chemical Industries have decided to introduce the system of planned management by sections this year. This decision must represent the starting point for the elimination of all deficiencies from enterprises. It is necessary to eliminate such deficiencies as those prevailing at the Vulturul (Comarnic) and Ciocanul (Nadrag) enterprises, where, for lack of an effective control apparatus, the plan of expenditures by sections have been reduced to a mere bureaucratic formality.

It is necessary to establish close ties between the plan of expenditures and the creative initiative of section personnel, to stimulate the interest of section personnel in the achievements of their section by rewarding the workers and technicians who have achieved economies, and to assure closer cooperation between sections by the general adoption of work methods in accordance with a comprehensive work plan.

Socialist competition to reduce labor costs and improve the use of available resources, the adoption of such Soviet methods as those of Nina Nazarova and Lidia Korabelnikova, the establishment of "economy brigades," the application of innovations and rational methods are all decisive factors for the successful introduction of the system of planned management by sections.

Continuous reduction of manufacturing costs is a fundamental law of socialist economic development. It can be achieved through careful planning of the entire economic activity of an enterprise. The adoption of planned management by enterprises and production sections, the adoption of Stakhanovite and other advanced Soviet methods, the establishment of norms for consumption of materials and utilization of available equipment, and the continuous increase of labor productivity all aid in the reduction of production costs.

At the Steel Mills of the Resita Plant, regulation of the consumption of iron alloys has resulted in reduction of average consumption from 13.4 kilograms per ton of steel in 1949 to 9.8 kilograms in 1950.

By reducing the duration of the charges, fuel economies of 25 percent have been achieved at both the oil furnace and the electric furnace of the Special Steel Mill. Furthermore, as a result of the reorganization of qualitative control, a 32-percent reduction in waste was obtained at the oil furnace and a 20-percent reduction at the electric furnace.

During the first half of 1950, economies amounting to 170 million lei were achieved by the main sectors and sections of the Resita Plant as the result of the reduction of manufacturing costs.

Clear and up-to-date records, in addition to facilitating the work of enterprise personnel, are of the greatest significance for the reduction of manufacturing costs. Records and an efficient control apparatus lead to the strengthening of the sense of responsibility of those engaged in production and offer a means for correctly ascertaining the status of the work in any one enterprise or the status of socialist competition at any given time. They guide managements and collectives in their efforts to increase production continuously, to improve the quality of products, to increase labor productivity, and to reduce manufacturing costs substantially.

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It is not surprising, therefore, that Rumanian enterprises have paid special attention to the problem of records. At the Resita Plant, as the result of the adoption of a new system of keeping records by the furnace and rolling sections, it was possible to observe the daily fluctuations in manufacturing costs. It was thus possible to eliminate certain deficiencies in the organization of the production process and in the financial discipline.

The system of planned management will be strengthened by adoption of the method of "primary records" so successfully used in the Soviet Union. By this method it is possible to ascertain at any given time the exact status of production, from both a quantitative and a qualitative point of view and insofar as manufacturing costs are concerned.

Only accurate and clear records, based on correct statistical data, can be of assistance in preparing a plan to stimulate the workers' creative initiative. Accurate statistical data strengthens the foundations of a plan and facilitates the ascertaining of the reserves of an enterprise, thus helping to bring about their optimum utilization.

The extensive participation of the workers in the planned management of an enterprise is based on the keeping of accurate records of manpower utilization and materials and fuels consumption by sections, workshops, and even individual workers.

The establishment of norms for the application of these indexes is a factor of primary importance in plan fulfillment.

In the struggle to increase profits, the speeding up of the circulation of operating funds is of primary economic importance, since thereby the state can obtain a higher production with the available economic resources. As operating funds circulate more rapidly, less funds are required to fulfill the production plan of any given enterprise, for proportionally more materials and funds are then freed for use by other enterprises. The establishment of proper norms, the rational utilization of operating funds, the acceleration of the production process, the observance of the norms for consumption of material supplies, the observance of discipline in payments, all help speed the circulation of operating funds.

At the Resita Plant the circulation of operating funds was accelerated (by the end of 1950) by 142 percent over that of 1 July 1949. This was accomplished by enrolling the entire personnel of the enterprise in the struggle to increase production and achieve economies, thereby freeing large sums for other production purposes. Sovrommetal has won the Production Flag awarded by the Federation of Trade Unions four times. It has also won the Production Flag for 1950 awarded by the Council of Ministers.

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